

RECORDATION NO. _____ Filed & Recorded

LEASE OF RAILROAD EQUIPMENT
OCT 26 1970 - 11 12 AM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT OF LEASE, made as of October 15, 1970,
from SOO LINE EQUIPMENT COMPANY, a Minnesota corporation, having
an office at 800 Soo Line Building, Minneapolis, Minnesota 55440 (herein-
after called "Equipment Company"), to SOO LINE RAILROAD COMPANY,
a Minnesota corporation, having its general offices at Soo Line Building,
Minneapolis, Minnesota (hereinafter called the "Railroad");

WITNESSETH:

WHEREAS, Equipment Company is or may become the owner of
up to 50 railroad freight cars described in Exhibit A (hereinafter called
the "Equipment"), attached hereto and made a part hereof; and

WHEREAS, the parties hereto desire that, upon tender by the
Equipment Company to and acceptance from time to time by the Railroad's
inspector of units of the Equipment, such units shall thereupon be placed
under this Lease;

NOW, THEREFORE, in consideration of the premises and of the
mutual covenants herein contained, the parties hereto agree as follows:

(1) Equipment Company hereby leases to the Railroad and the
Railroad hereby hires from Equipment Company such units of the Equip-
ment as Equipment Company may tender to the Railroad and the Railroad
Company may accept for a term commencing from and after the respective
dates of acceptance of units of the Equipment by Railroad's inspector to
and including January 31, 1971, at the rental and upon the terms and
conditions herein contained.

(2) Equipment Company will from time to time and not later than January 31, 1971, deliver such unit or units of the Equipment as the Equipment Company may desire to lease to the Railroad on its tracks at North Fond du Lac, Wisconsin, or at such other point or points as may be designated in writing by the Railroad to the Equipment Company, as such Equipment is repaired pursuant to the Repair Agreement dated as of October 15, 1970, between the Equipment Company and the Railroad, a copy of which is made a part hereof by reference. Acceptance of units of the Equipment in the manner provided under Section 2 of the aforesaid Repair Agreement by the Equipment Company's inspector and delivery by Equipment Company to the Railroad of a signed copy of the Certificate of Acceptance covering such units, countersigned by the Railroad's inspector, shall thereupon constitute acceptance by the Railroad of such units under this Lease.

(3) For the use of the Equipment or any portion thereof, the Railroad shall pay to Equipment Company during the term of this Lease rental as follows:

With respect to each unit of Equipment leased, rental equivalent in the aggregate to the sum of the sale price and estimated repair cost for each such unit set forth in Exhibit A, such rental to be payable in 20 equal semiannual installments commencing on the First Day of July, 1971, and terminating on the 1st day of January, 1981.

The Railroad shall have the privilege of prepaying, at any time and from time to time without the payment of any premium, any or all of the aforesaid semiannual rental payments in their inverse order.

(4) The Railroad shall also pay to the proper Governmental authority any and all taxes, assessments, or Governmental charges or any other charge or expense of any character whatsoever that may be imposed upon or in respect of the Equipment by reason of or in connection with the Railroad's possession or use thereof under this Lease. It is understood, however, that the Railroad shall not be required to pay or discharge any such amount so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Equipment Company in and to the Equipment.

(5) At the termination of this Lease and after all payments to be made by the Railroad under Section 4 above, and after all payments due or to become due hereunder from the Railroad to Equipment Company, such payments shall be applied and treated as the full purchase price of the Equipment and title to said Equipment shall automatically pass to the Railroad; and the Equipment Company shall upon request execute and deliver to the Railroad, a confirmatory bill of sale or bills of sale. It is expressly agreed that until such termination of this Lease, the Railroad shall not by virtue of this Lease or the possession and use of the Equipment hereunder acquire any title to or ownership of the Equipment, but such title and ownership shall remain solely in the Equipment Company.

(6) The Railroad will, during the term of this Lease, keep and maintain plainly and permanently on each side of each unit of Equipment markings in letters not less than one inch in height reading:

"Soo Line Equipment Company, Owner, Lessor", and will replace immediately any such markings that may become defaced or illegible, wholly or in part. Such markings will be applied initially by Equipment Company prior to delivery of the Equipment to the Railroad under this Lease. For convenience of identification of the leasehold interest hereunder of the Railroad in the Equipment, the Equipment may be lettered "Soo Line", and bear the Railroad's emblem, or be lettered in some other appropriate manner.

(7) During the term of this Lease, the Railroad, so long as it shall not be in default hereunder, shall be entitled to possession of the Equipment and the use thereof on its own lines of railroad and upon the lines of other railroads in the usual interchange of traffic, and may receive compensation for any such use from other railroads so using any of the Equipment.

(8) During the term of this Lease, the Railroad will, at its own expense (a) comply with all laws and regulations of any State or Governmental authority respecting the manner of using or operating the Equipment, (b) maintain and keep the Equipment in good order and repair at all times, and (c) keep the Equipment free from any liens or encumbrances that might affect the Equipment Company's title. Any and all replacements of any parts of any units of the Equipment and all additions and betterments thereto shall

constitute accessions to the Equipment and shall be and remain the property of the Equipment Company, and be subject to all the terms and conditions of this Lease.

(9) During the term of this Lease, the possession, use, operation, and maintenance of the Equipment shall be at the sole risk and expense of the Railroad and the Railroad shall assume and be solely responsible for, and shall indemnify and save harmless the Equipment Company from and against (a) any and all loss or damage, usual wear and tear excepted, of or to the Equipment, and (b) any and all claims, demands, suits, judgments, or causes of action for or on account of injury to or death of persons, or loss of or damage to property, which may result from or grow in any manner out of the presence, use, or operation of the Equipment while in the possession of the Railroad under this Lease.

(10) In the event that any unit of Equipment shall be worn out, lost, destroyed, or irreparably damaged from any cause whatsoever prior to termination of this Lease thereon, the Railroad shall promptly and fully inform the Equipment Company in regard thereto. In such event, the Railroad's obligation to pay to Equipment Company rental in the amounts and at the times set forth in Section (3) hereof shall not be affected.

(11) The Railroad shall not assign or transfer this Lease, or any of its rights or obligations hereunder, or transfer or sublet any of the Equipment, without the written consent of the Equipment Company first had and obtained.

(12) The Railroad covenants that in case at any time during the term of this Lease it shall fail or refuse to comply with any of its covenants or agreements herein contained, and shall continue in such failure or refusal for a period of thirty (30) days after written notice, specifying such failure, shall be given to it by Equipment Company, then Equipment Company shall have the right, at its election, by notice in writing given to the Railroad to terminate this Lease, and all of the rights of the Railroad in respect to the Equipment shall forthwith cease; and Equipment Company shall be entitled without further demand or formality forthwith to take possession of the Equipment without prejudice to any rights or remedies Equipment Company may have for recovery of rental or breach of covenant or otherwise; or Equipment Company may lease the Equipment to others on such terms and conditions and for such amount as shall seem best to it for the remainder of the term or any part thereof for the account of the Railroad, which shall make good any deficiency. Any waiver by Equipment Company of one or more defaults on the part of the Railroad shall not in any way impair the right of Equipment Company to take advantage of any other default or defaults of the Railroad.

(13) The Railroad shall, at its expense, upon execution and delivery of this Lease, if requested to do so in writing by Equipment Company, cause this Lease to be duly filed and recorded with the Interstate Commerce Commission for the full protection of the Equipment Company's title to the Equipment. If so requested, the Railroad will promptly deliver to the Equipment Company an opinion of the Railroad's counsel to the effect that

(a) this Lease has been duly filed and recorded in compliance with the provisions of this Section (13) and (b) this Lease has been duly and validly authorized and executed by the Railroad and is a valid and binding agreement of the Railroad in accordance with its terms.

(14) The Railroad covenants that it will from time to time upon the request of Equipment Company execute and deliver such instruments, make such reports, give such information, and do or cause to be done, any and all such further acts and things as may be necessary or proper to carry out and make effective the purposes of this Lease.

(15) This Lease may be simultaneously executed in several counterparts, each of which, so executed, shall be deemed to be an original, and such counterparts together will constitute but one and the same Lease, which will be sufficiently evidenced by any such original counterpart.

(16) This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed as of the date first above written, at Minneapolis, Minnesota.

In the Presence of:

Robert M. Hertz
J. J. Hanning

SOO LINE EQUIPMENT COMPANY

By L. L. Tardal
President

Attest:

E. H. Etkin
Secretary

(CORPORATE SEAL)

In the Presence of:

Robert M. Hertz
Constance O. Felch

SOO LINE RAILROAD COMPANY

By J. J. Bono
Executive Vice President

Attest:

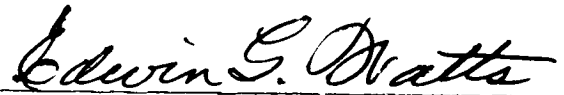
Thomas W. Beckley
Secretary

(CORPORATE SEAL)

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

On this 16th day of October, 1970, before me personally appeared I. L. Fardal, to me personally known, who being by me duly sworn, says that he is President of Soo Line Equipment Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and that he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(NOTARIAL SEAL)



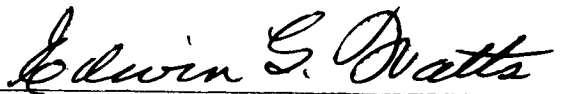
EDWIN G. WATTS

Notary Public, Hennepin County, Minn.
My Commission Expires Oct. 10, 1973.

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

On this 16th day of October, 1970, before me personally appeared J. D. Bond, to me personally known, who being by me duly sworn, says that he is the Executive Vice President of Soo Line Railroad Company, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(NOTARIAL SEAL)



EDWIN G. WATTS

Notary Public, Hennepin County, Minn.
My Commission Expires Oct. 10, 1973.

EXHIBIT ACARS SUBJECT TO REPAIR AND LEASE

<u>40 foot Boxcars with the follow- ing Numbers</u>	<u>No. Subject to Repairs</u>	<u>Sale Price each</u>	<u>Estimated Repair Cost each</u>	<u>Total</u>
44520	1	\$1,050	\$3,618	\$4,668
44544	1	1,050	3,618	4,668
44554	1	1,050	3,618	4,668
44576	1	1,050	3,618	4,668
44582	1	1,050	3,618	4,668
44594	1	1,050	3,618	4,668
44598	1	1,050	3,618	4,668
44660	1	1,050	3,618	4,668
44688	1	1,050	3,618	4,668
44742	1	1,050	3,618	4,668
44758	1	1,050	3,618	4,668
44770	1	1,050	3,618	4,668
44774	1	1,050	3,618	4,668
44782	1	1,050	3,618	4,668
44816	1	1,050	3,618	4,668
44824	1	1,050	3,618	4,668
44852	1	1,050	3,618	4,668
44866	1	1,050	3,618	4,668
44880	1	1,050	3,618	4,668

<u>40 foot Boxcars with the follow- ing Numbers</u>	<u>No. Subject to Repairs</u>	<u>Sale Price each</u>	<u>Estimated Repair Cost each</u>	<u>Total</u>
44886	1	\$1,050	\$3,618	\$4,668
44910	1	1,050	3,618	4,668
44926	1	1,050	3,618	4,668
44950	1	1,050	3,618	4,668
44966	1	1,050	3,618	4,668
45004	1	1,050	3,618	4,668
45038	1	1,050	3,618	4,668
45090	1	1,050	3,618	4,668
45116	1	1,050	3,618	4,668
45128	1	1,050	3,618	4,668
45152	1	1,050	3,618	4,668
45224	1	1,050	3,618	4,668
45250	1	1,050	3,618	4,668
45310	1	1,050	3,618	4,668
45314	1	1,050	3,618	4,668
45362	1	1,050	3,618	4,668
45364	1	1,050	3,618	4,668
45412	1	1,050	3,618	4,668
45424	1	1,050	3,618	4,668
45436	1	1,050	3,618	4,668

<u>40 foot Boxcars with the follow- ing Numbers</u>	<u>No. Subject to Repairs</u>	<u>Sale Price each</u>	<u>Estimated Repair Cost each</u>	<u>Total</u>
45474	1	\$1,050	\$3,618	\$4,668
45512	1	1,050	3,618	4,668
45574	1	1,050	3,618	4,668
45578	1	1,050	3,618	4,668
45620	1	1,050	3,618	4,668
45648	1	1,050	3,618	4,668
45650	1	1,050	3,618	4,668
45684	1	1,050	3,618	4,668
45730	1	1,050	3,618	4,668
45816	1	1,050	3,618	4,668
45852	<u>1</u>	<u>1,050</u>	<u>3,618</u>	<u>4,668</u>
Total	50	\$52,500	\$180,900	\$233,400